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# Casey Moves on Cap Cities Stock

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Newsday Washington Bureau

Washington — CIA Director William J. Casey said yesterday that he would take his \$7.5-million interest in the company attempting a takeover of ABC and try to put it into a blind trust established in 1983.

A statement released by the CIA yesterday asserted that since 1983, "there have been no transactions in Capital Cities stock. It is a matter of indifference to Mr. Casey whether that stock is in the trust or not."

Casey established the blind trust in response to congressional charges of a potential conflict of interest in his stock transactions. Newsday reported Sunday that when he set up the trust, he exempted his 34,755 shares of Capital Cities Communications.

Since the shares make up more than 20 percent of his portfolio, he would need approval of the Office of Government Ethics to add them to the trust. The CIA statement said that Casey has "authorized his attorney to have his Capital Cities holdings transferred to the trust if that can be arranged with the Office of Government Ethics."

Once the shares are in the trust, Casey would have no control over their sale or retention.

Last week, Capital Cities proposed a \$3.5-billion merger-acquisition of ABC's television and broadcasting assets. ABC accepted, but the sale awaits government approval.

The prospect of the CIA director holding an interest in one of the nation's three major television networks has raised questions. Morton Halperin, director of the Center for National Security and a former national-security staffer in the Nixon administration, said Saturday, "A government official should not be part of the news media."

However, hours before Casey's announcement yesterday, White House spokesman Larry Speakes said, "I don't think there's any problem with

him holding the stock. If there's any change required, I'm sure his lawyers will work it out with the Office of Government Ethics. That's what the Office of Government Ethics is for, to approve these type of arrangements."

According to CIA spokeswoman Patti Volz, it was a regulation of the ethics office that precluded inclusion of Casey's Capital Cities stock in the blind trust when it was established. The regulation limits holdings in any

one company to a maximum of 20 percent of an individual's holdings.

But Volz added that the stock could be included in the blind trust now, "under a special exemption" that Casey's attorneys will apparently ask the ethics office to grant.

Repeated calls yesterday to the Office of Government Ethics and its chief, David Martin, were unanswered. [Associated Press last night quoted Martin's assistant, Peter Andriole, as saying, "The office has not made a statement yet."]

The CIA statement did not explain why a special exemption was not sought in July, 1983, when Casey set up the blind trust. In that same month, he made what was apparently his last Capital Cities transaction, selling about half of his 69,510 shares in that organization to raise money to diversify his stock portfolio.

The CIA statement also noted that the exemption of Casey's Capital Cities stock from the blind trust was reported to the U.S. Senate in 1983.

"On July 25, 1983, Mr. Casey instructed his attorney to work with the Office of Government Ethics to arrange the transfer of his securities to a 'blind trust,' the CIA statement said.

"On Aug. 26, 1983, he wrote the Senate Select Committee on Intelligence, 'the Office of Government Ethics has advised my attorney informally that my holdings in Capital Cities Communications do not meet the diversification requirements, and I will therefore hold them outside of the trust.'

"A copy of that letter was sent to the Office of Government Ethics. In October, that office approved the trust."

Although worth millions, the 34,755 shares are just over one-quarter of 1 percent of the stock of Capital Cities. Casey, however, is a cofounder of the firm and served for long periods as its counsel and a director. He gave up those posts in 1981 when he agreed to head the CIA.

Besides Capital Cities, the CIA director has held some other stocks out of the blind trust. They include a 49 percent interest in a Sacramento apartment complex, the Capitol Towers Trust; the Cove Co., which operates racquetball courts, a firm called Health 'n Sport and Kingsbury Enterprises.

Kingsbury Enterprises, according to Casey's 1984 financial statement, is a firm dealing with the "contents of a sunken ship."